

Individualised Reflexivity and Corporate Social Responsibility:

Perspectives on the Consumer

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Abstract

The paper reports on initial research into consumer perspectives on Corporate Social Responsibility (CSR). A new framework for understanding consumer attitudes and behaviour towards CSR is proposed. It places theory on socially responsible and ethical consumerism into the wider context of processes associated with reflexive modernisation and the emergent concerns of an individualized and reflexive society. Insights gained from fifteen in depth interviews highlight the ways in which consumer attitude and behaviour is influenced by an increasing sense of uncertainty and mistrust in traditional systems of authority, including corporations and government.

Introduction

Recent corporate scandals have shaken public confidence in corporate behaviour, with polls in the US, for instance, now showing trust in corporate executives at an all time low (Alsop, 2004; Kochan 2003). 45% of Australians now agree that the role of large companies should be to 'exceed all laws, set a higher ethical standard and help build a better society for all' (EnviroNics International Ltd, 1999) and 92% of Australians think corporations should be more caring (Lloyd, 2004). Some conflicting trends and contradictory research findings indicate the need for further research into the market drivers for CSR from the perspective of the consumer. For instance, while some researchers suggest that perceived commitment from companies to CSR has a positive financial impact (Lagan, 2003; MORI, 2000; Smith, 2003), others argue that there is little evidence that socially responsible firms show better financial performance (Webb 2004). The marked trend towards socially responsible investment (Taylor Nelson Sofres, 2001; Webb 2004) may therefore have little relation to expected higher investor returns but reflect perceptions of stability through better governance (Webb 2004), or simply investors wanting to invest in socially responsible firms.

Contemporary socio-political theory offers some suggestions to inform our understanding of the attitudes and behaviour of stakeholders such as consumers and investors. According to reflexive modernisation theorists, the increasing scrutiny of corporate behaviour by a widening range of stakeholders (Zadek, 2001) reflects the rapidly growing self-critical capacity of society, newly concerned with issues of social and environmental risk resulting from industrialisation in association with scientific and technological development (Beck, 1992; Beck, 1999; Giddens 1991; Lash et al, 1996). Perceptions of risk are closely connected, according to these theorists, with phases of individualisation in the fields of work, the family, self identity. As Beck (Beck 1997: 19) puts it:

'the dynamics of the 'risk society begin with an end to tradition: that is, where moral milieus are replaced in the wake of advancing processes of modernisation and industrialisation. On both a large and small scale, people find themselves forced to hold, or better, 'cobble' together their lives on their own initiative.

As an aspect of the advancing processes of 'reflexive modernization' characterizing post-industrial society (Beck and Beck, 2002; Giddens, 1998), corporations are also individualized – faced with new responsibilities in association with an increasingly aware and informed civil society. The consequences of decision-making are shifted onto the individual organisation and onto the individual citizen as consumer. Factors such as the growth of civil society, diminished level of government influence, emergence of individualized 'sub-political' arenas of decision-making associated with processes of globalization and the increasing influence of economic liberalism result in individuals having 'more latitude in decision-making' but being given less support to assist them in making these decisions (Watley and May 2004, p.105) .

The concept of individualized reflexivity can be drawn together with disparate themes in the literature on socially responsible consumers and CSR... In this literature, changes in socially responsible consumer attitudes have previously been examined through the lens of various models, including information models of ethical behaviour, of altruistic behaviour and of consumer sovereignty. For example, Watley

and May (2004) detail the different types of information involved in generating ethical behavioural intent. According to this model, type of information is crucial to change and judgements about the magnitude and proximity of the consequences are key determinants of behaviour. Other writers argue that demographics, empowerment, and moral responsibility, not knowledge, change behaviour (Davies, Foxall and Pallister, 2002). Mohr, Webb and Harris (2001) and Andreasen (1995) both argue that consumers do not undertake high involvement decisions in one step but move in defined and often gradual stages towards such perspectives. In the context of the consumer, Roberts (1995, p.98) expresses this as consumers using their “purchasing power to express social concerns”. Social norms “represent the values and attitudes of significant others” and, on their own, social norms are too general to govern behaviour (Davies et al, 2002, p.38). Personal norms, on the other hand, are individualised or internalised social norms (Davies et al, 2002). In describing participation in recycling programs, Davies et al (2002) describe how frequency of behaviour encourages the internalisation of social norms. In this paper we argue that the internalisation of norms refers to other aspects of sustainability such as ecologism.

If we draw these themes together with theories of individualised reflexivity, we can suggest that feedback from experience with the behaviour encourages norm internalisation. According to Schwartz, the translation of personal norms into behaviour depends on awareness of consequences (of inaction or action) and the ascription of responsibility for those consequences (Davies et al, 2002). Theories of consumer sovereignty see individual responsibility causing organisational reflexivity. From this perspective the consumer is responsible for the actions of corporations, via purchase decisions (Smith, 1990). Ethical purchase behaviour brings about action for corporate accountability and implicitly, organisational learning (Smith, 1990).

METHODOLOGY

The framework in Figure 1 posits our understanding of factors causing change in consumer attitude and ultimately behaviour. In this paper we report on initial research into the processes of

reflexive adaptation of ideas and attitudes towards CSR and the implications of these on their behavior generally and as consumers. The first stage of the research seeks to identify a full range of attitudes and behaviours with respect to sustainability and corporate social responsibility. These insights will be used to design a national survey benchmarking the attitudes, behaviours and evolution of consumers. The preliminary work will also form part of a continuing qualitative project that will explore the relationship between the self-critical capacity of society in reference to corporate social responsibility as it is developed at the level of the individual consumer. It will also aim to explicate the relationship between individual and organizational reflexivity. In other words, how does individual reflexivity of the consumer influence the organisational reflexivity of target corporations? It is beyond the scope of this paper to explore in detail the research design for the entire program.

This paper reports preliminary results of the first stage of the research. Thus far 15 depth interviews have been completed in Western Australia and NSW. Preliminary analysis of these has been undertaken and is reported in the following section. A saturation approach, that is, interviewing until no new themes emerge, may take the number of interviews considerably higher and may require a third data point. A comprehensive interview guide was developed to ensure coverage of all the relationships depicted in the conceptual framework (Figure 1) and similarity of focus across interview. The instrument guides interviewers to address CSR and corporate sustainability as separate issues, although most theorists argue the concepts to overlap (Crane and Matten, 2004; Dunphy et al, 2003). However the non directive approach of the interview guide and interviewer allows this assumption to be tested. The remainder of the guide explores consuming attitudes, behaviours, the processes by which these have changed and the reasons for such changes. All interviews were taped, with taped, oral or written debriefing as to key insights and themes emerging by the interviewer undertaken following each. Thematic Analysis

(identifying key themes within each interview, determining the impetus for discussion of the theme) and Associative analysis (looking at linkages between themes as made unprompted by informants) were used in the preliminary analysis.

Findings and Discussion

Awareness of CSR/ sustainability

The informants demonstrated a range of levels and types of awareness with respect to sustainability. Unprompted, about one third of informants described sustainability and CSR primarily or entirely in environmental terms, about one third in social terms and one third considered both. All informants indicated their belief in the rising importance of sustainability and CSR but their attitudes as to the extent to which it was practiced and the motives of organisations who advertised their CSR differed considerably. At one extreme there were informants who were highly cynical about organisations and saw their efforts at CSR as *'window dressing'* or *'only Public Relations'*. As one informant put it: *'I don't think they are really genuine – all they are doing is protecting their assets'*. This informant was reflecting a sense of the precarious nature of business and the multitude of risks faced by individualised organisations in an uncertain world. This informant, a 32 year old project manager in the construction industry, saw organisations as needing to prioritise their own survival:

'thats what any organisation will do first, look after themselves. Like unions for example, they don't act for their members first, they act for the union.'

Others felt that the best of the organisations had developed a sophisticated understanding of the earth's and/or society's needs and recognised that their own best interests lay in actively pursuing and promoting their responsible behaviour. Informants displayed reflexive patterns in their developing and changing attitudes to CSR. This was particularly evidenced by contrasting what informants said about changes to

their belief systems versus the changes to their belief systems that they reported when probed about critical incidents or when they responded to hypothetical scenarios as to appropriate responsiveness.

Individualised understandings of CSR

Informants presented highly individualized understandings of what corporate responsibility actually represents. These were not necessarily in conflict but illustrated the different backgrounds of informants that extent to which past experiences had impacted upon them. A key influence on the informants is their workplace and occupation. For example, a 45 year old designer argued sustainability should not involve economic or social sacrifice saying:

“Sustainable living should not mean self-sacrifice; we shouldn't have to “suffer” for sustainability. I wouldn't buy an electric car, a moped or travel by public transport, but I did buy a diesel car for its lower energy consumption and it doesn't compromise my desire for performance in a car”

He continued by arguing that the technology was often there to make this possible but that the accounting practices of corporates would make it difficult for them to see this. For example he spoke of sustainable building that could cost more to build but much less to run or even if it did cost more to run would result in saving from reduced staff illness and/or turnover and hence would be cost neutral or even cost saving. But such initiatives would definitely have to come from organisations and government. In contrast a 50 year old worker in the health care sector looked at sustainability as a bottom up process. She saw social responsibility as emerging from the individual's action which interacted with others actions and could evolve to more socially responsible states. Since organisations were envisaged as collections of individuals, this would lead to more responsible organisations. She assumed that people would want to do the right thing, it was often about educating them, and that this would almost certainly require some sacrifices.

Purchasing behaviour

Despite the fact that all informants demonstrated an awareness of CSR, there was little evidence that they are prepared to punish corporates through their purchasing behaviour. Some mistrust of corporate

intentions, and little faith that the Australian government has the will or capacity to encourage more responsible corporate behaviour, were attitudes common to all informants. Only a minority of informants translated this attitude into changed behaviour in terms of product selection. While two informants believed that this was because many of the product choices were too poor to justify consideration, most admitted it was due to lack of knowledge of what the socially responsible products were and their lack of motivation to seek such information. All who mentioned this issue agreed that information was not readily available. For instance, one 37 year old new settler farmer used the example of not knowing whether cheese came from a cow kept in a feed lot. According to another,

"Unless I'm told I don't know, I'm too busy to go out and search for information, so I'm not aware I have a choice. Companies should educate people about their environmentally friendly products. But, I don't like 'pushing': tell people what the situation is but don't tell people what to do"

Rather than seeking out socially responsible products, the minority who did exercise choice in the direction of CSR did so through avoidance, and then through avoidance of the big brands associated with human rights or socially irresponsible marketing or employment practices. This finding can be related to the much higher awareness of social than environmental issues, with most respondents finding it difficult to name environmentally irresponsible companies. It also reflects the fact, as noted above, that the majority of informants developed their critical perspective on corporate behaviour through their place in the workforce. Even our most outspoken proclaimer of the short-termism and destructive environmental behaviour of mining companies developed this attitude when he and many other employees suddenly lost their jobs in a mining company.

Overnight the company (mining company) I was sub-contracting to had a decision go against them and very maliciously decided to sack 20% of the workforce and I saw the social effects of that – on someone I was going out with at the time and on someone with three kids – it was really quite vicious. We was just thrown off site – sorry guys that's it. they are just there to make money they can easily justify these decisions because they are there to make

money. They care about making the money. Their responsibility is to make money for their shareholders.

When asked if he knew of any good corporates this respondent struggled to find an example : *'good corporates, I know they are out there but...the tragedy is you can't just think of them'.*

While some informants were prepared to pay slightly more for products they perceived as environmentally or socially desirable – an example was an informant who paid \$2.00 per tank extra for a particular brand of less polluting petrol – and some would even pay considerably more for ethically produced products – an example being coffee - this was not systematically applied. While individuals often felt very passionately about a particular issue, this would not necessarily translate into purchase behaviour. For example, a university student felt very strongly about child exploitation but didn't actively seek information about imported products bought to ensure that firms were not exploiting children. Or it might translate into decision not to purchase:

....with a salient issue, like logging in Tasmania, that's something that I do feel strongly about because I went to Tasmania and I saw the damage logging does and I wouldn't invest in a fund supporting that".

But with the exception of avoidance strategies, like not investing in logging or cigarette companies, CSR attitudes did not translate into making economic sacrifices about long term investment. A typical response was: *"Sure, I would love to have ethical investments, but I would choose a non-ethical fund with 7% return over an ethical fund with 5% return".* Another of the informants stated that he would actively chose not to buy sneakers from a well-known brand highly publicised in the media for accusations of human rights abuses, and had been interested enough to request brochures on SRI, yet said that in the end his investment decisions would not be influenced by SRI priorities.

Role of information and education

The way forward identified by our informants primarily had to do with education. Attitudes were seen to be shaped by socio-economic groupings, related to education. Education was seen to give the individual

consumer the opportunity to avoid cheaper, more socially and environmentally damaging products. As one respondent put it: *'Mind you people in Third World countries don't have the same choice as I have'*.

While most felt that readily available information could help in decision making, there was cynicism about the credibility of most available sources. Several informants in their early 30s saw this cynicism as a characteristic of their generation. *'Not taking anything for granted'* distinguishes them from their parents. Although governments rather than corporates were seen as needing to take the leadership role, informants did not trust that government has the will or capacity to advise or lead. Advice and leadership is highly individualised, accessed at the personal or individual level by each of our informants. One informant, for instance, based his opinion that European companies were more likely to show CSR on the fact that a member of the family who had lived in Europe had told him so. Another stated that her attitudes were strongly influenced by friends belonging to the same yogi group who shared the same values.

Typically corporate reputation is made or broken at this level. A certain bank is the prime example of CSR because a friend works there. One informant based her understanding on corporations as being able to contribute strongly to sustainability on her working experience as an OH&S officer in a big telecommunications company.

One younger informant highlighted the importance of including education about ethics in school curriculum – something he thought was sadly lacking. Others saw continuing programmes of education where problems and solutions were presented to the public in a sustained way as the way to modify behaviour and attitudes simultaneously. One informant gave us an example of the WA government's active and multi-pronged campaigns for water conservation. Peoples' attitudes had changed as a result of government actively promoting water saving, providing effective information explaining why people should save water and what the government was doing about the water shortage. Government also demonstrated how much water was being wasted by providing measuring cups to households so people could see for themselves how much water they were wasting. Regulations also compelled people to

change their behaviour but the way they handled the water saving campaign meant that community accepted changes.

Conclusion

The minimal transference of attitudes concerning CSR to behaviour, particularly in the case of SRI, will be explored in further research. It raises questions concerning the difference between a reflexive and a cynical society. Consumers are individualised in that they are put in the situation of making decisions about multiple products on their own initiative. Yet they demonstrate little trust in either the corporates responsible for the product with its associated social or environmental risks, the government who could legislate to reduce these risks or the media. Furthermore, their understanding of CSR is so constrained by their own individual experience that they find it difficult to identify with leaders or authorities who might give them guidance. Feelings of uncertainty also arise concerning lack of information. The result is a dependence on personal contacts – the emergence of the ‘sub-political’ realm of decision-making.

It is likely that the comparative lack of knowledge about environmental issues and behaviour of corporates is because environmental issues are seen as more global, less immediate and less a personal responsibility. We suggest they are therefore less likely to trigger the individualised reflexivity required to develop both the levels of information and the ascription of responsibility associated with a more emphatic consumer voice.

Overall, we found that socially responsible consumer behaviour was not evolving in the same way or to the same extent as attitudes. If considered independently of attitude a fledging pattern of growing responsibility might be discerned where people began by behaving responsibly in socially but not economically responsible ways – particularly by recycling – graduated to responsible purchasing in a few items about which they felt strongly and/or where there was no sacrifice. We are unable to determine whether there is no further behavioural evolution or whether our informants (and perhaps the wider

community) are still in early stages of behavioural evolution. Future research will continue our investigations using a new theoretical framework drawing together themes of individualization and reflexivity into the consumer choice and CSR literature.

Another issue raised for future research is the relationship between the individualised and reflexive consumer and the organisational reflexivity of the corporation. A relationship was postulated in Figure 1 but not drawn out from this research because of lack of evidence of consumer behavioural change. Yet many corporations are changing to become more socially and environmentally responsible (Dunphy et al 2003; Zadek 2001). Further research will examine in more detail how the self-critical capacity of society as manifested in the consumer is acting to drive this change.

At the level of both organisation and consumer, this individualized reflexivity poses both opportunities and threats. The more precise nature of this as well as a more developed typology of consumer purchasing behaviour relevant to the Australian context will be explored in the further analysis of this data and the subsequent stages of research..

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Figure 1: Individualised reflexivity and consumer attitudes to CSR

